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EUROPE

1. USSR: Propaganda hits at US "aggressive" intentions--
US Embassy Moscow believes that the major speech at the Lenin anniversary exercises on 21 January probably marks the inauguration of a new propaganda campaign on the theme that the US aims to destroy the Soviet structure and national independence. The Embassy points out that whereas the addresses on such occasions usually give a rounded presentation of Soviet ideology, the speech by Communist Party official Pospelov was completely devoted to the US and contained over 40 references to "American imperialism." The Embassy considers it noteworthy that in its portrayal of the American society the speech made a shift away from the likelihood of economic crisis in the US and dwelt instead on the "barbarous repression by American imperialism" of the forces of peace and democracy. There was also a parallel shift from the "inevitability" of capitalism's downfall through economic collapse to its defeat through war. The Embassy comments, in noting Pospelov's assurance concerning the ability of the USSR to emerge from a major conflict stronger than before, that the Soviet audience could hardly draw assurance from the speech that the Soviet Union's cause would be victorious without war or that the Soviet people would escape involvement.
2. YUGOSLAVIA: Foreign Minister's views on Korean problem--
In a lengthy discussion with US Ambassador Allen on Yugoslav policy regarding Korea, collective security, and the UN in general, Yugoslav Foreign Minister Kardelj expressed the view that it would be tactically unwise to declare Communist China guilty of aggression. Stressing the importance of Europe,

State Dept. review completed

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Kardelj expressed the opinion that UN forces in Korea should remain strictly on the defensive and seek to withdraw "carefully and tactically." Kardelj thinks collective security must have a moral basis if it is to succeed and that this basis must be the "defense of national independence." He believes that collective security would fail if invoked to defend colonialism and asserted that Yugoslavia would not join in a collective effort to maintain France's position in Indochina or the British position in Malaya. Kardelj declared categorically, however, that Yugoslavia would support collective security anywhere in the world where aggression against national independence was involved, citing Finland, Burma, Thailand, and Indonesia as examples. He said that Yugoslavia would devote its fullest resources in manpower and material to assist the UN in resisting such aggression, regardless of whether Yugoslavia itself were attacked. Allen reports that the conversation was interrupted by another appointment and comments that when the discussion is resumed, Kardelj will probably come to the point with a request for military assistance on the grounds of Yugoslavia's willingness to fight in case of aggression.

NEAR EAST-AFRICA

3. IRAN: Analysis of current political situation--US Ambassador Grady in Tehran reports that the political situation at the moment in Iran is characterized by: (a) the weakness of the Razmara Government vis-a-vis the Majlis and entrenched interests, in addition to the general lack of popular faith in the government; (b) the critical financial situation; (c) confusion and frustration resulting from the unsettled oil question; and (d) a gradual but steady swing toward a neutral position in the East-West struggle, reflecting in part the course of events in Asia. Grady states that it seems apparent that the Shah,

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undoubtedly recalling the manner of the establishment of his own dynasty, will never support a strong Prime Minister; Grady concludes that the disintegration of the Razmara Government may be expected to continue and that within a few months Razmara will probably be replaced by an old-guard Cabinet. The Ambassador believes that although the situation is neither "cheerful nor encouraging," the following steps are necessary to strengthen Iran as a barrier against Soviet aggression: (a) a high-level agreement with the British, without delay, on parallel policies in Iran; (b) continued efforts through close personal relations with the Shah and the Prime Minister to bolster their morale and guide their footsteps along the road of progressive development; (c) encouragement of the earliest possible solution to the oil question; and (d) the extension of immediate economic and military aid to Iran on simple terms.

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